

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Competitive Product Prices
Priority Mail Express International, Priority Mail
International & Commercial ePacket Duty and
Tax Chargeback Contracts
Priority Mail Express International, Priority Mail
International & Commercial ePacket Duty and
Tax Chargeback Contract 1

Docket No. MC2020-146

Competitive Product Prices
Priority Mail Express International, Priority Mail
International & Commercial ePacket Duty and
Tax Chargeback Contract 1 (MC2020-146)
Negotiated Service Agreements

Docket No. CP2020-156

PUBLIC REPRESENTATIVE COMMENTS

(June 4, 2020)

I. BACKGROUND

The Public Representative hereby provides comments pursuant to the Commission's Notice.¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Request of the Postal Service to add Priority Mail Express International, Priority Mail International & Commercial ePacket Duty and Tax Chargeback Contract 1 to the Competitive Product List.²

In conjunction with its Notice the Postal Service filed several attachments, including a redacted version of Governors' Decision No. 19-1, a redacted version of the

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, May 29, 2020 (Notice)

² USPS Request to Add Priority Mail Express International, Priority Mail International & Commercial ePacket Duty and Tax Chargeback Contract 1 to Competitive Product List and Notice of Filing Materials Under Seal, May 28, 2020, at 1 (Request).

contract, Mail Classification Schedule changes, a statement of supporting justification, a certification of compliance with 39 U.S.C. § 3633(a). See Notice, Attachments A-E.

The Postal Service states that the contract will remain in effect until June 30, 2020,³ unless terminated sooner. Notice at 2.

On May 29, 2020 Chairman's Information Request No. 1 was issued.⁴ The Postal Service's Responses are due the same day these comments are due. *Id.*

II. COMMENTS

As discussed in more detail below, the Public Representative concludes the Priority Mail Express International, Priority Mail International & Commercial ePacket Duty and Tax Chargeback Contract 1 is appropriately classified as a competitive product, and should meet the requirements of 39 U.S.C. § 3633(a). The Public Representative does note one concern related to the short duration of the agreement.

The Postal Service makes a number of assertions that address the considerations of section 3642(b). Request at Attachment D. These assertions appear reasonable. Based upon that review, the Public Representative concludes that Priority Mail Express International, Priority Mail International & Commercial ePacket Duty and Tax Chargeback Contract 1 satisfies the criteria of section 3642(b), concerning the classification of new competitive products.

Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the financial workpapers and finds that the proposed rates for Priority Mail Express International, Priority Mail International & Commercial ePacket Duty and Tax Chargeback Contract 1

³ The Public Representative acknowledges that certain provisions in the contract could allow the contract to be extended, but the Postal Service's assertion in its Notice that "the contract will remain in effect until June 30, 2020, unless it is terminated sooner pursuant to Article 12, 13, or 34" implies that the Postal Service does not anticipate using those provisions within the next 25 days. Notice at 2.

⁴ Chairman's Information Request No. 1 and Notice of Filing Under Seal, May 29, 2020.

should generate sufficient revenues to cover cost and is consistent with the requirements of 39 U.S.C. § 3633(a).

The Public Representative is concerned about the very short duration of this contract. At most, the contract will be in effect for 25 days. The financial workpapers demonstrate that the contract pieces will generate sufficient revenues to cover cost, but it does not appear that the workpapers include the specific administrative costs associated with the negotiation of the contract and the regulatory approval process. While these costs are likely to be minimal, the Public Representative believes that a contract of such a short duration may not be able to recoup even the minimal costs associated with the negotiation and approval process. Therefore, the Public Representative recommends that, in the future, the Postal Service certify that contracts of short duration, such as the instant agreement, will produce sufficient contribution to recover administrative costs associated with the negotiation and approval processes of the contract.

The Public Representative, after reviewing all materials the Postal Service submitted under seal in this matter, recommends that the Commission approve the addition of the Priority Mail Express International, Priority Mail International & Commercial ePacket Duty and Tax Chargeback Contract 1 to the Complete Product List.

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